

CURRENT HIGHLIGHTS

For the 108th Congress

January 7, 2004

**A copy of the Current Hearing Schedule can be found in the
Congressional Updates Section of the website.**

STATUS OF DEFENSE LEGISLATION

	HOUSE	SENATE	CONFERENCE
AUTHORIZATION	H.R. 1588 Report 108-106 House passed 5/22/03	S. 1050 Report 108-46 Senate passed 5/22/03	Conference completed Report 108-355 House passed 11/7/03 Senate passed 11/12/03 President Signed 11/24/03 (PL 108-136)
APPROPRIATIONS	H.R. 2658 Report 108-187 House passed 7/8/03	S. 1382 Report 108-87 Senate passed 7/17/03	Conference completed Report 108-283 House passed 9/24/03 Senate passed 9/25/03 President signed 9/30/03 (PL 108-87)
MILCON	HR. 2559 Report 108-173 House passed 6/26/03	S. 1357 Report 108-82 Senate passed 7/11/03	Conference completed Report 108-342 House passed 11/5/03 President signed 11/22/03 (PL 108-132)
SUPPLEMENTAL APPROPRIATIONS	H.R. 3289 Report 108-312 House passed 10/9/03	S. 1689 Report 108-160 Senate passed 10/17/03	Conference completed Report 108-337 House passed 10/30/03 Senate passed 11/3/03 President signed 11/6/03 (PL 108-106)

PENTAGON LOOKS TO CLOSE BASES

The Pentagon took the first step yesterday in the politically charged process of selecting domestic military bases that it will recommend next year that the White House and Congress approve for closure.

The Defense Department asked commanders of about 425 installations in the United States and its territories and possessions to provide information about their bases for a fifth round of cost-saving but unpopular closings in recent years.

The long process, aimed at saving billions of dollars by eliminating unnecessary installations, will also involve input from states and communities whose economies rely heavily on the bases.

Defense Secretary Donald H. Rumsfeld and the Joint Chiefs of Staff say the nation is wasting defense dollars because there is a 25 percent "overcapacity" in domestic bases needed to support the reduced post-Cold War military.

An independent Base Realignment and Closings Commission (BRAC) will be named next year, and the Pentagon will submit a list of proposals for bases to be closed, realigned or expanded to the panel by May 16, 2005.

"I can assure you that every inch of that [BRAC] law will be complied with," Rumsfeld told reporters at a Pentagon briefing. "We've been through this before," he said. "It's going to be examined 16 ways from every direction, as you can imagine, by local officials, by members of the Congress."

Defense officials declined to specify what information was being sought from base commanders, but Rumsfeld said it would include "how many people and what are they doing . . . and how many square miles of land do they have."

Elected officials, from Washington to local communities, will wade into the process later.

After the closure of 97 major bases and changes in dozens of others in four previous BRAC processes since 1988, which the Pentagon says saved more than \$16 billion in military spending, Rumsfeld and top military officers are pressing for more closings.

But Rumsfeld has stressed that addressing the 25 percent overcapacity in domestic bases would not necessarily mean closing a quarter of the bases.

On a separate track, the Pentagon has embarked on a realignment of its forces worldwide that is expected to bring base closures in Western Europe. (Reuters-Washington Post)

PENTAGON BEGINS TO GATHER BASE-CLOSING DATA

The Defense Department is asking military installations to gather information that it will use in deciding which bases to close in 2005.

In a statement Tuesday, Pentagon officials said the "data call" is one of many steps in the base realignment and closure process. All installations in the United States and its territories were asked for the same information, such as size and type of facilities, so that all receive equitable treatment, according to the statement.

The Pentagon will use the information in making recommendations to an independent, bipartisan panel that will report to Congress on which bases to close. Defense used the same process for shutting down 55 bases and realigning 97 others in four previous Base Realignment and Closure (BRAC) rounds from 1988 to 1997. Defense Secretary Donald Rumsfeld has said the upcoming round could be larger than all the other rounds combined. He has earmarked billions of dollars in expected savings from closures for military transformation efforts.

The information collected from the bases will not be released until the Pentagon makes its recommendations to the panel in spring 2005. In the past, the panel has approved 85 percent of the closures or realignments recommended by Defense.

The data call is the latest sign that the Pentagon is ramping up efforts for BRAC 2005. Last month, Defense [published the criteria](#) it will use in deciding which bases to close. As in past rounds, the military value of installations will be the primary consideration.

Next month, Defense officials will deliver the administration's proposed fiscal 2005 budget to Congress, including an outline of the number of forces and amount of infrastructure the department forecasts will be needed for the next 20 years. That plan will guide the military services in determining which bases to recommend for closure. (GovExec.com)

NEW PLAN FOR IRAQ SPENDING OUTLINED

U.S. won't change contract policy

The Bush administration gave new details on spending for Iraqi reconstruction Tuesday and denied it is set to reverse a policy limiting big rebuilding contracts to countries that backed the U.S.-led war against Saddam Hussein.

The administration, plagued by repeated delays over how to proceed with contracts for \$18.6 billion in rebuilding work, made a flurry of announcements Tuesday:

*It released a new spending blueprint, revised to meet the June 30 deadline for the transfer of power to Iraqis. The plan calls for more than \$13 billion in reconstruction spending in 2004 and nearly \$6 billion by October 2005.

Details include \$458 million for "democracy-building" programs intended to help Iraq set up a new government and conduct elections. Iraqis are to vote in three nationwide elections by the end of 2005: for delegates to a constitutional convention, for a referendum on the constitution and for representatives to a new government.

*A Pentagon spokesman said there was "no change" in administration policy banning companies from non-coalition countries from competing for prime contracts in Iraq. A Pentagon Web site on Monday raised speculation about the list of approved countries, saying it "may be revised."

The policy has infuriated Canada, France and Germany since it became public last month. Foreign diplomats said Tuesday that the administration has signaled it might approve countries that agree to forgive Iraqi debt.

*The U.S. Army said it will let Halliburton (HAL) ship fuel into Iraq in a no-bid deal lambasted by Democrats in Congress.

Pentagon auditors said last month that Halliburton's KBR subsidiary might have overpaid for fuel purchased from a Kuwaiti supplier and passed the costs on to U.S. taxpayers. President Bush later said Halliburton, where Vice President Cheney once served as CEO, would have to reimburse the government if it overcharged.

Sen. Frank Lautenberg, D-N.J., accused the administration of "taking care of corporate cronies at the expense of the public's trust" and said it should have investigated Halliburton.

*Retired admiral David Nash, the top contracting official for the Coalition Provisional Authority in Baghdad, said the CPA is ready to issue specifications for \$5 billion in work on Iraq's roads, government buildings, power grid, water system and other infrastructure.

San Francisco-based engineering giant Bechtel was awarded a \$1.8 billion deal Tuesday, its second large Iraq contract. The contract is to fund the repair of power facilities, water and sanitation systems, and ports and airports.

Bechtel beat out two other undisclosed bidders. (USA Today)

WOLFOWITZ DOLES OUT SOME, NOT ALL, ADDITIONAL FUNDS FOR UNMANNED STRIKE DRONE

After months of internal wrangling at the Pentagon, the department's nascent effort to build a family of drones capable of striking targets around the globe has received a boost of nearly \$400 million--about 40 percent of the amount eyed by advocates--to accelerate efforts from FY '05 to FY '09, according to Pentagon sources.

Deputy Defense Secretary Paul Wolfowitz earmarked the funds for the Joint Unmanned Combat Air System (J-UCAS) in Program Decision Memorandum III, which he approved Dec. 30, sources said. The document, which is classified "secret," itemized decisions on a few unresolved funding questions remaining in the FY '05 budget build. How much additional funding would go to J-UCAS was among the final budget decisions made this year by senior leaders in the Pentagon.

The Bush administration plans to forward its FY '05 budget request to Congress Feb. 2.

The funds will be added to the existing project budget of about \$3.9 billion through FY '09 for the Joint Unmanned Combat Air System (J-UCAS) program, which is shared by the Air Force and Navy, these sources add. At the direction of acting Pentagon acquisition chief Michael Wynne, the Defense Advanced Research Projects Agency (DARPA) took over management of the program in October 2003.

J-UCAS proponents had sought more than an additional \$1 billion in the FY '05 budget review, which would have brought the total program cost to about \$5 billion through the future years defense plan. Sources this fall said the additional cash was crucial to keep an ambitious development, testing and operational assessment schedule for existing contractor teams, one led by Northrop Grumman [NOC] and Lockheed Martin [LMT] team and another led by Boeing [BA] (*Defense Daily*, Sept. 26, 2003).

Wynne outlined in a June 23, 2003, memo his plans to swiftly mature the then-separate Navy and Air Force unmanned combat air vehicle (UCAV) programs into one family of vehicles managed by DARPA. Wynne's plan includes an operational assessment set to begin in FY '07 followed by the formation of several "program options" identified by FY '09, the memo said.

One Pentagon source said this master schedule is unaffected by the smaller-than-expected plus-up. What is likely to change, however, is the content of the operational assessment. The decrease in expected funding will slip integration and testing of some of the capabilities planned for UCAS, this source added. However, "core" tests will remain on schedule, the source added.

Wynne's memo combined the Air Force and Navy efforts under one joint management office in DARPA. Air Force leaders have said they plan to use the vehicle to neutralize hostile air defenses in

highly defended air space, carving a path for other, manned aircraft to retain air superiority. The service is also exploring how to use the UCAS for electronic attack missions.

Navy officials, in contrast, say they plan to use UCAS for maritime intelligence, surveillance and reconnaissance missions. The Navy vehicle must be able to take off from and land on a large-deck carrier to suit the Navy's needs.

Officials in the Navy and Air Force had rejected unmanned aerial vehicles (UAV) for years, largely because officials were skeptical of the technology and skittish about keeping humans in the decision loop. Some proponents also claim the "fighter mafia" of ex-pilots in both services were simply protecting their turf. Due to this lukewarm support, UAV programs had been consistently underfunded, and they survived on plus-ups from the Office of the Secretary of Defense or Congress.

But even after the chill from the Air Force and Navy had begun to fade, the additional cash for J-UCAS was not easy to find: officials had earmarked several potential funding sources including the Air Force's Predator B UAV, which is used for armed reconnaissance, the Navy's Mobile User Objective System (MUOS) narrowband military satellite communications constellation and the Air Force's E-10A command and control aircraft (*Defense Daily*, Nov. 4, 2003). Predator and MUOS were later saved and taken off of the table of potential offsets, sources said.

The Air Force's E-10A, a project conceived by Chief of Staff Gen. John Jumper, took a smaller hit than some sources had speculated (*Defense Daily*, Dec. 5, 2003). The net loss to the program was about \$40 million, although nearly \$200 million was shifted to later years, delaying procurement of actual aircraft until FY '09 at the earliest, sources said. The E-10A would consist of a Boeing 767 specially modified to carry a radar capable of identifying and tracking moving ground targets. A bevy of controllers in the back of the aircraft would also be capable of providing on-site command and control during hostilities.

This program has met with mediocre support in OSD and in Congress. On one front, proponents are staving off criticism from supporters of the Space Based Radar effort that boasts it can do this mission using satellites. And, others claim a large number of airborne controllers are unnecessary, citing recent successes using reachback to remote ground stations. (*Defense Daily*)

JSF'S WEIGHT PROBLEMS WILL DELAY PURCHASE OF SOME AIRCRAFT

The Defense Department said Jan. 6 it plans to delay the purchase of some F-35 Joint Strike Fighters to ensure the program has enough time to resolve the aircraft's weight problems.

The decision means that some JSFs DOD intended to buy in the current future years defense program (FYDP), which runs through fiscal 2009, will instead be purchased in FY '10 or later. DOD did not specify how many aircraft would be delayed, but the vast majority already had been slated for procurement after FY '09.

DOD said it is making no change in its plans to buy a total of 2,443 JSFs during the life of the program.

"There is no change to the total number of aircraft required," DOD said in "bullets" describing its recent decision. The "time period has been expanded" for some JSFs but the number of aircraft to be procured "has not been reduced. These changes reflect our intent to have an event-based, in lieu of a schedule-based, program."

JSF prime contractor Lockheed Martin Corp. acknowledged in late December that the aircraft continues to exceed the weight goals it has set for JSF's first critical design review, scheduled for April 2004 (DAILY, Dec. 23). Aviation experts have said such weight problems are normal for military aircraft under development.

"The issue is a deterioration in the weight margin that we need to resolve," the DOD bullets say. "The translation into a producible design is taking longer and is more complex than we had originally anticipated. We believe this problem to be very solvable within normal parameters of design fluctuation, and we have taken steps necessary to manage these issues."

JSF, which is intended for the U.S. Air Force, Marine Corps and Navy, as well as for the United Kingdom and other countries, began a 10 1/2-year system development and demonstration (SDD) phase more than two years ago.

DOD announced Dec. 29 that Navy Rear Adm. Steve Enewold will become director of the JSF program, replacing Air Force Maj. Gen. Jack Hudson. A JSF program spokeswoman said the leadership change, which probably will take effect in April or May, is routine and is not related to the aircraft's weight struggles. (Aerospace Daily)

PAY-FOR-PERFORMANCE SALARY SYSTEMS PROMPT MORE QUESTIONS THAN ANSWERS

The devil is in the details. Yes, it's a cliché, but it applies perfectly to the pay-for-performance plans proliferating inside the Bush administration.

Rank-and-file federal employees in two large departments -- Defense and Homeland Security -- will likely move to new pay systems that emphasize performance in the next two years. Federal executives, who are no longer guaranteed an annual pay raise, await new agency-based systems that are supposed to put some rigor into how their performance is evaluated.

But getting the details right on performance-based pay can be exceedingly difficult, Harvard lecturer Robert D. Behn points out in this month's edition of his "Public Management Report" (www.ksg.harvard.edu/TheBehnReport).

He sums up the challenge with a question that involves four questions: "Who gets to decide who gets a pay boost of how much for what kind of performance?"

The first "who," Behn writes, is the boss -- the person who is supposed to know how each worker has performed. But, in reality, workers have multiple bosses, Behn says.

Government employees work on teams and special projects "about which the official 'boss' may have little knowledge. Often a large number of other people (including peers and subordinates) have some detailed knowledge -- and quite different perspectives -- about how any individual has performed over a diversity of tasks. Which of them gets a say in the decision?" Behn asks.

The second "who" is the person getting the raise. Too often, government limits the number of performance-based raises to 20 percent or 25 percent of employees. But, Behn asks, "what if the supervisor has recruited a high-performing team? Should only 20 percent be eligible? Does this suggest that, if you want to win a pay boost, you should choose to work on a low-performing team?"

Regardless, Behn writes, if only 20 percent can receive a performance raise, that means 80 percent "will be automatically labeled losers." And the 80 percent, he says, end up being depressed. "This is motivational?"

The third issue is how much to raise pay. Behn recounts how one state set aside bonus money for the top 20 percent of employees. But the government faces budget constraints and usually cannot guarantee that funding for a performance system will remain stable over time. In Behn's example, the payout amounted to an extra \$33.33 per month, before taxes. "What impact do you think this performance bonus had on performance?" he asks.

The fourth challenge involves deciding what counts as good performance, Behn says. "Different people do different tasks. So how does the boss (or the pay-for-performance committee) compare those who picked the apples with those who picked the oranges?" he asks.

Behn also asks how bosses intend to deal with team performance -- a common way that the government performs its work. "Teams are essential when the task requires many different talents: orange pickers, ladder holders, box packers, box carriers. Sure, the actual pickers are more important than the ladder holders. But if the orange-picking team's performance improved significantly, is this solely because of the star pickers or is it because the team's box packers learned how to be both quicker and more careful?" he writes.

More important, Behn suggests, money is not the only or the most important motivator for people who take up public service.

Most people do not choose to work in government "to maximize their income," he writes. If they find they need more money, they can probably obtain it more quickly "by taking a second, weekend job at the local mall" rather than by striving for "the modest sum awarded in most public-sector pay-for-performance schemes."

Although Behn is not opposed to the principle of paying people for their performance, he emphasizes that in the government, the details matter. "To create a pay-for-performance system that actually motivates -- that does not demotivate everyone -- you have to get a lot of the details very, very right," he writes.

"And with the limitations that we citizens impose on our government -- limitations on both expenditures and on perceptions -- government has a very hard time getting the pay-for-performance details even close to right." (Federal Diary-Washington Post)